

COUNTY OF YORK

MEMORANDUM

DATE: February 4, 2003 (BOS Mtg. 2/18/03)

TO: York County Board of Supervisors

FROM: James O. McReynolds, County Administrator

SUBJECT: Reimbursement from Bond Proceeds for Expenditures Made or to be Made in Connection with School Capital Projects

The following School Capital Projects included in the Fiscal Year 2004-2009 School Capital Program proposed to the Board are to be financed by the issuance of bonds sold through the Virginia Public School Authority.

- ? Queens Lake Middle School renovations
- ? York High School design and temporary classrooms
- ? School Board Office renovations

The renovation projects are to start in fiscal year 2004 and 2005. The County has sufficient cash balances in its capital funds to finance these projects until the bonds are issued. Our bond sale is planned for the fall of 2004. These local funds will be required for other projects after bond proceeds are available.

As described in the preceding paragraphs, the County routinely spends some funds for capital projects in advance of securing permanent financing. In order to have the option of reimbursing these expenditures from debt proceeds, it is necessary to adopt a resolution stating the intent of the County to reimburse itself. The Board had adopted resolutions of this nature for most school capital projects financed with borrowed funds. Proceeding in this manner helps provide greater flexibility for dealing with debt proceeds and helps preserve the County's ability to finance the purchase of the equipment with tax-exempt debt under Internal Revenue Service regulations.

Staff recommends that the Board adopt a resolution stating the intent to reimburse itself from bond proceeds for school capital projects made in advance of issuance of the bonds. Adoption of such a resolution does not obligate the County to issue bonds and, should the County choose not to issue bonds, no further action by the Board will be necessary.

I support staff's recommendation. Proposed resolution R03-14 has been prepared for the Board's consideration. If adopted, this resolution will authorize the County to reimburse itself from bond proceeds. Bond counsel has reviewed this resolution and approved it as to form.

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Attachment:

- ? Proposed Resolution R03-14